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NATIONAL INTELLIGENCE DAILY CABLE
Friday 14 July 1978 CG NIDC 78/163C

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Friday, 14 July 1978.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

WESTERN EUROPE: Reaction to Trials	Page 1	25X1
NAMIBIA: Accepts Western Plan	Page 2	
CHINA-VIETNAM: Situation Report	Page 4	
USSR: Dissident Espionage Trials	Page 5	
SOUTH YEMEN: Cutoff in Arab Aid	Page 7	25X1
BOLIVIA: Election Aftermath	Page 8	
LEBANON: Summary of Events	Page 10	
BRIEFS:	Page 12	
UK		

WESTERN EUROPE: Reaction to Trials

25X1 [] //Although the trials of Soviet dissidents Shcharanskiy and Ginzburg have provoked strong and almost universal public condemnation in Western Europe, official reactions have been more restrained and have generally depicted the trials as possible or actual violations of the Helsinki accords.//

25X1 [] Official French reaction has been limited to a Foreign Ministry statement that the trials "aroused serious concern" and that respect for human rights constitutes one basis for improving relations between states. This statement and President Giscard's refusal to meet with Shcharanskiy's wife are consistent with the French Government's view that human rights goals cannot be achieved through public outcries.

25X1 [] The West German Government expressed concern over the increasing extent to which measures are taken against Soviet and East European citizens who assert their rights to freedom of opinion and conscience.

25X1 [] British Prime Minister Callaghan characterized the trials as reminiscent of Stalinist days, while Foreign Secretary Owen told Commons that the trials contravene the spirit and the intention of Helsinki and warned that Soviet handling of such cases would have serious consequences both for Anglo-Soviet relations and for East-West ties.

25X1 [] Owen accepts the compatibility of President Carter's simultaneous efforts to pursue both disarmament and human rights aims. The press in France, West Germany, and Scandinavia echoes this view but tends to attach greater importance to disarmament.

25X1 [] //The Italian and the French Communist Parties were quick to condemn the trials. The Italian Communists--and to a lesser extent the French--regard detente as vital to their political prospects and thus see the trials as a threat to their interests. The Italian party daily, *l'Unita*, on Tuesday

expressed "deep uneasiness and reprobation" over the trials and pointedly observed that the Soviets are calling into question their compliance with the Helsinki agreement. It warned that punitive sentences would have "grave and certain" consequences for East-West relations.//

25X1 //On Monday, the French Communist Party called for the release of Shcharanskiy and Ginzburg and an end to all "acts of repression" in the USSR. The party's daily newspaper highlighted Moscow's refusal to allow foreign journalists to attend the trials and to permit Western lawyers to defend Shcharanskiy.//

25X1

NAMIBIA: Accepts Western Plan

25X1 //The South West Africa People's Organization, despite its reluctant acceptance of the Western settlement proposals on Namibia, will continue to push for recognition of Walvis Bay as an integral part of Namibia. While this will cause problems for South Africa, Pretoria is unlikely to renege on its decision to accept the proposals. The Western contact group will now seek UN Security Council acceptance of the proposals; many other hurdles remain before they can be fully implemented.//

25X1 //The Western settlement proposal does not mention Walvis Bay, although SWAPO had demanded that the proposal provide for the integration of the enclave into an independent Namibia. SWAPO leader Sam Nujoma apparently was persuaded to accept the Western proposal without revision after extreme pressure from the frontline states and after the Western contact group at Luanda agreed to back a resolution on Walvis Bay that is to be submitted to the UN Security Council. The proposed resolution states that the Security Council will support steps to ensure early reintegration of Walvis Bay into Namibia, but does not specify the steps.//

25X1 At the press conference in Luanda announcing SWAPO's acceptance of the Western proposals, Nujoma said his organization would not accept independence for Namibia without Walvis Bay. Nujoma added that SWAPO considers the Western plan a working document and that the final decision--particularly with regard to Walvis Bay--will come when the Security Council meets.

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[REDACTED] //SWAPO now will try to mobilize international support to press the Security Council to adopt "the correct and appropriate resolutions for the independence of Namibia." The Security Council is likely to meet on the Namibian issue after the Organization of African Unity concludes its summit in Khartoum later this month.//

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[REDACTED] //South African Prime Minister Vorster said earlier that his country was prepared to negotiate the status of Walvis Bay with any duly elected Namibian government, but that he would not tolerate any action by the contact group that would prejudice such negotiations. The South Africans probably hope to keep the option of retaining Walvis Bay in the event SWAPO wins the elections, but are unlikely to revoke their acceptance of the settlement plan if the Security Council disregards South Africa's historic claim to sovereignty over the enclave.//

25X1

[REDACTED] //Nujoma also raised SWAPO's concern regarding the relationship between the UN Special Representative and the Administrator General and its desire to restrict the South African residual force to a single base in Namibia, but he finally was persuaded that his views could be accommodated without revising the proposals. The contact group encouraged Nujoma to make his position on the Special Representative known publicly and agreed to inform South Africa of SWAPO's preference for a single base.// [REDACTED]

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CHINA-VIETNAM: Situation Report

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[redacted] Peking has moved to restrict the flow of refugees from Vietnam into southern China, probably in an effort to prevent a repetition of the disruptions caused by the large, sudden influx of refugees this spring.

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[] Radio broadcasts from Peking yesterday served notice that public security departments in the two provinces bordering Vietnam have begun implementing regulations requiring overseas Chinese leaving Vietnam to cross into China only at designated points. They must also present "repatriation certificates" issued by the Chinese Embassy in Hanoi as well as Vietnamese exit visas.

25X1

[] In announcing the new procedures, Peking asserted that Hanoi has been infiltrating "spies" disguised as refugees, and also that the influx of over 150,000 refugees has caused serious economic problems in southern China. Chinese media stated, for example, that the need to accommodate 84,000 refugees who moved through one border town with a normal population of 10,000 forced the closure of schools and factories and created other local hardships.

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USSR: Dissident Espionage Trials

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[] *Publicity in the Soviet espionage trials of Anatoliy Shcharanskiy and former official Anatoliy Filatov has focused heavily on demonstrating the guilt of the accused but has not explicitly mentioned the US, CIA, DIA, or individual Americans. The apparent intent is to avoid unnecessarily increasing tension during the Vance-Gromyko talks in Geneva. Verdicts are expected today.*

25X1 [] Public accounts of the proceedings against Shcharanskiy have highlighted the accusation that he gave classified material to an unidentified Western military intelligence service. While these accounts can be read as pointing to []

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STAT [] neither he nor two former US Embassy officers whom the Soviet press had previously named in the Shcharanskiy case have been mentioned in the publicity TASS has given the trial. Shcharanskiy's brother, however, has told foreign newsmen outside the courtroom that [] and the Embassy officers were named in the actual testimony.

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25X1 [] The prosecution has described Shcharanskiy as having engaged in espionage and other hostile activities for purely selfish motives in return for financial support from the West. TASS accounts of the trial have noted his denial of intent to damage national security, but they interpret his explanations as proof that his activities were primarily meant to earn a name for himself by discrediting Soviet policies at home and abroad.

25X1 [] Publicity in the Filatov trial similarly avoids citing any specific country or intelligence service, focusing instead on the general details of his alleged recruitment, espionage training abroad, and operational activities in the USSR. It also portrays him as prompted by greed.

25X1 [] The prosecutor in the Shcharanskiy case has recommended a sentence of three years' imprisonment to be followed by 12 years at hard labor, a relatively lenient sentence. Filatov, however, may well receive the death penalty.

25X1 [] The trials of dissidents Aleksandr Ginzburg and Viktoras Pyatkus--both accused of anti-Soviet agitation and propaganda--were held simultaneously with the Shcharanskiy and Filatov trials in a patent attempt to suggest their involvement in subversion. TASS, for example, reported that one witness gave "convincing testimony" that Ginzburg gave money from the Solzhenitsyn fund for political prisoners only to those who carried out subversive activities or fulfilled Ginzburg's alleged criminal assignments.

25X1 [] Ginzburg was sentenced yesterday to eight years at hard labor, less than the legal maximum or the term demanded by the prosecution. The court attributed its leniency to Ginzburg's alleged cooperation with the authorities in the

latter stages of his case and in the cases against two fellow dissidents--Shcharanskiy and Yuriy Orlov, founder of the group set up to monitor Soviet compliance with the Helsinki accords.

Pyatkus was sentenced yesterday to three years' imprisonment, seven years at hard labor, and five years' exile in Siberia. The stiffer sentence was given presumably because of his uncooperative attitude during the investigation and at his trial and the relative lack of foreign attention to his case.

SOUTH YEMEN: Cutoff in Arab Aid

The Arab League in emergency session last week voted to suspend economic and technical aid to South Yemen in reprisal for Aden's complicity in the assassination of North Yemeni President Al-Ghashmi. Although a complete cessation of aid may not be possible because of South Yemen's strong political ties with left-leaning League members such as Libya, aid from conservative Arab countries will be halted, and action is under way to tighten up on other financial flows. A suspension of grants and worker remittances from the Persian Gulf states alone would deny South Yemen \$150 million annually in foreign exchange--equivalent to about one-third of GNP--leaving Aden a substantial balance-of-payments deficit and severely hampering its development program. The Department of State doubts the effectiveness of these actions.

South Yemen's socialist economy is heavily dependent on imports; all capital goods, most intermediate products, and a large amount of foodstuffs and other consumer goods must be purchased abroad. During the past four years, export earnings, which come mainly from the sale of fish, salt, coffee, and hides, have covered less than 25 percent of the import bill.

The rapid growth in South Yemen's imports since 1975, however, has been matched or exceeded by increases in remittances from Yemeni workers abroad and from official grants. The country has also received foreign loans for major investment projects. Even so, to cover the overall balance-of-payments deficit, Aden has had to draw down foreign exchange reserves as well as use credits provided by the International Monetary Fund.

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[] Saudi Arabia and the Persian Gulf states have contributed substantial financial support since 1975 in an attempt to woo South Yemen from its Communist benefactors. Of the \$100 million in official grants received during 1976 and 1977, Saudi Arabia contributed one-half. Saudi Arabia stopped the flow of its aid in late 1977, however, because of continuing political differences. Persian Gulf states are also major donors of bilateral and multilateral project aid.

25X1

[] Saudi Arabia is now working vigorously to ensure that an Arab League economic boycott will be applied. The Saudis are also moving in concert with Kuwait and the United Arab Emirates to block the transfer of worker remittances to South Yemen. North Yemen has already ordered such a stoppage.

25X1

[] A suspension of grants and worker remittances from Gulf states probably would deny at least \$150 million annually in foreign exchange proceeds. The cancellation of project loans, in addition to increasing foreign exchange losses, would result in a loss of a great deal of time and momentum in South Yemen's development program even if radical Arab or Communist states increased their support.

25X1

[] The Bureau of Intelligence and Research, Department of State agrees that the conservative Arab states will take actions to suspend aid and worker remittances, but it doubts the overall effectiveness of these steps. The Kuwaitis, for example, are unlikely to apply the boycott vigorously, and there are other channels for transferring remittances. []

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BOLIVIA: Election Aftermath

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[] *The Bolivian Government's interference in the presidential election held on Sunday is creating unforeseen difficulties and may yet backfire completely. Late developments suggest that, at best, the government candidate, Juan Pereda, will have great difficulty in governing if elected* []

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[] The major opposition candidates have reacted bitterly to the regime's blatant rigging of the balloting and are threatening to join forces to hamstring Pereda if he is indeed elected. With about 70 percent of the votes counted, Pereda has just over half.

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[] The opposition candidates' threat is a credible one because the parties backing them are apparently doing well in the congressional balloting. The defeated contenders are thus likely to be able to frustrate Pereda by directing their congressional delegations to withhold support.

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[] This would almost certainly force Pereda to attempt to govern by repressive means, destroying prospects for a "return to democracy," to which the election allegedly was a prelude. If Pereda were to take repressive measures, however, it is questionable whether the armed forces--on which he would have to rely--would support him; although the military sponsored Pereda, he does not enjoy wide support among officers. His government could thus easily fall, and ambitious generals would vie for power.

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[] Ironically, Pereda might well have won without resorting to fraud. It now appears that many of the votes going to the opposition were cast to protest the coercive pre-election tactics the regime used to assure a favorable outcome. []

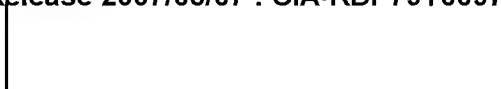
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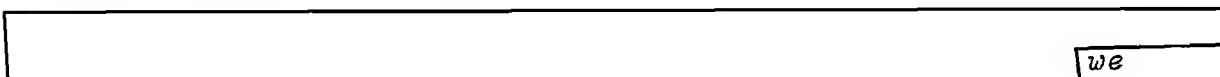
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LEBANON: Summary of Events



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we
include the following summary of events and information from
7 through 14 July.

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The heavy fighting that broke out on 1 July in Christian-controlled East Beirut between Lebanese Christian militiamen and Syrian peacekeeping troops came to an end late last week, when an uneasy cease-fire took effect. The situation remains volatile and could quickly deteriorate again.

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The truce reflected Syrian President Assad's reluctance to test Israel, which had threatened unspecified action if Syria did not stop its massive pounding of Christian areas of the city in response to Christian provocations. Israeli appeals to Christian leaders to show restraint may have helped bring about the cease-fire.

25X1

Some of the Christians have shown a willingness to help defuse the crisis, but Bashir Jumayyil, the hard-line militia leader of the large Phalanges Party who touched off the confrontation with the Syrians in the first place, does not seem to have dropped his long-term goal of engineering a Christian-dominated Lebanon with himself at its head. To do this he must get the Syrian troops out of Lebanon.

25X1

Jumayyil may be gambling that by continuing to touch off Syrian-Christian clashes such as those that occurred last week, he can eventually bring the Israelis in on his side--if not physically, then at least by way of threats. The Israelis, he hopes, would ultimately force the Syrians to leave.



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25X1

[] The Syrians, for their part, recognize that their inability to bring the main Christian militias to heel threatens the objective that brought Syria into Lebanon in 1976 during the civil war there: to prevent the partition of the Lebanese state. They do not want on their borders a Christian mini-state under Israel's thumb and a Palestinian-dominated mini-state that might drag them into a war with Israel that they cannot win.

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[] Last week, after Israel sent jet fighters over Beirut and issued public threats to intervene, Assad ordered Syrian troops to exercise restraint in responding to Christian provocations. He apparently wants to give the Christians time to calm down, in the hope that a face-saving way can be found to end the confrontation. The Syrians nonetheless continue to assert that any large-scale Christian attack would require firm countermeasures.

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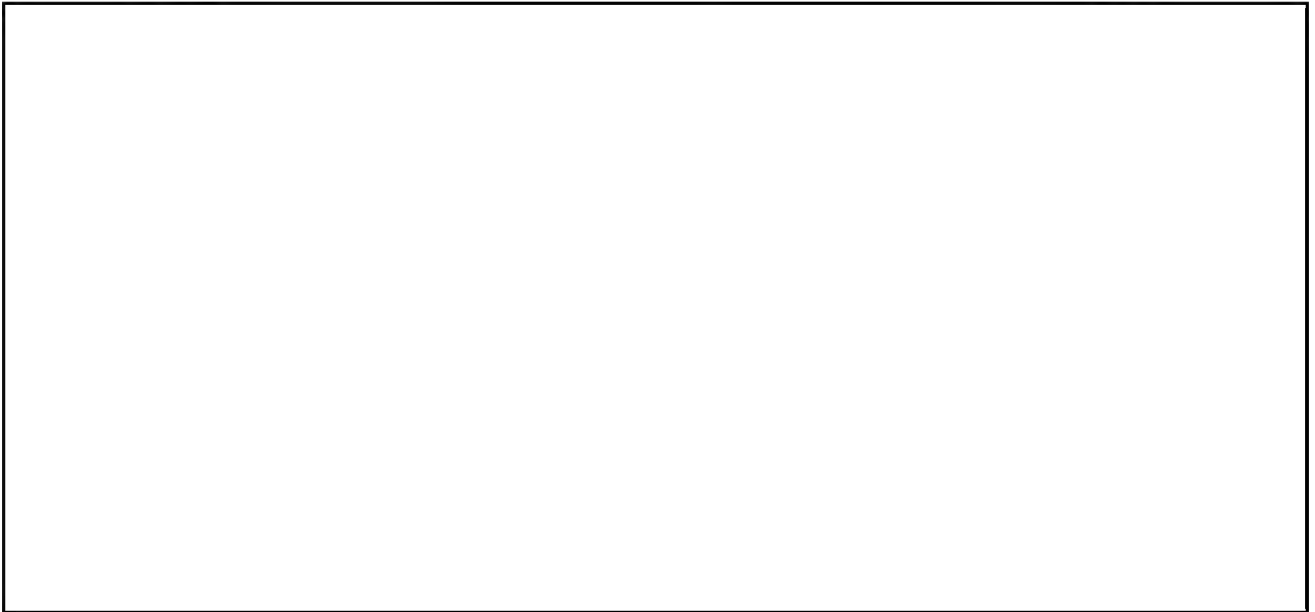
[] Lebanese President Sarkis, meanwhile has complicated the situation by announcing a decision to resign, then suspending the decision and refusing to clarify his intentions one way or the other. His resignation would probably plunge the country into political chaos. Since any successor would, in practice, have to be acceptable to both the Syrians and the Christians in order to be elected legally by the Chamber of Deputies, the odds are that no new president could be chosen. Both the Syrians and the Christians presumably would be tempted to set up their own candidates by extralegal means.

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[] Sarkis' announcement has prompted an outpouring of expressions of support from all parts of the Lebanese political spectrum and many foreign countries. Sarkis could have seized on this support to announce some kind of plan that would at least make a start at dealing with the country's problems, but he seems to have been paralyzed by a sense that no plan has a chance to work. Sarkis has not even made up his mind about whether to persist in his resignation. He will probably stand pat for the moment, but any new flareup of the crisis could well prompt him to carry through with his threat. []

25X1

BRIEFS



UK

[REDACTED] //The British Labor Party retained two parliamentary seats in yesterday's by-election, in what will probably be the last contest before a possible general election in October. The results reflected a recent national trend toward increased support for the Conservatives, but low voter turnout in one of the contests clouded the results.//

[REDACTED] //Prime Minister Callaghan had hoped to use the by-election results to forecast voter sentiment before announcing a date for the general election, but neither he nor Conservative leader Thatcher will find the outcome helpful in judging how the vote will go if an election is held in October.

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